

HONG FOK CORPORATION LIMITED

(Company Registration No: 196700468N)
Incorporated in the Republic of Singapore

RESPONSE TO SGX QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The board of directors (“**Board**”) of Hong Fok Corporation Limited (“**Company**”) wishes to announce the following in response to a query from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the Company’s annual report for the financial year ended 31 December 2020 (“**AR2020**”).

Query

Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team. Please provide the information as required.

Response

The Company refers to page 23 of AR2020, wherein it was stated in the Corporate Governance Statement that “[t]he Audit and Risk Management Committee was satisfied that the internal audit function is independent, effective and adequately resourced”.

The Company further refers to page 22 of AR2020, wherein it was stated in the Corporate Governance Statement that “[t]o enable the Audit and Risk Management Committee to discharge its functions more effectively, for FY2020, the Company had appointed RSM Risk Advisory Pte Ltd, an accounting firm which is not the external auditors, to carry out its internal audit function. The internal audit was carried out in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, which is a standard set by nationally or internationally recognised professional bodies. The internal audit process includes, *inter alia*, the identification of key risk areas and a consideration of the controls managing such risks.”

RSM Risk Advisory Pte Ltd (“**RSM Risk Advisory**”) is the Governance and Internal Control practice of RSM Singapore which is the fifth largest accounting firm in Singapore. The internal audit services provided by RSM Risk Advisory are led by Mr Dennis Lee, who is a Partner, and is supported by a Senior Manager and a professional and qualified internal audit specialist team. Mr Dennis Lee has almost 20 years of professional experience and is a Chartered Accountant in Singapore, as well as a Certified Practising Accountant in Australia. He also holds a Certification in Risk Management Assurance issued by the Institute of Internal Auditors of Singapore.

RSM Risk Advisory also provides outsourced internal audit services to a number of listed companies on the SGX-ST and has the requisite quality assurance framework to ensure that the services and deliverables are performed in accordance with the international internal audit standards of the International Professional Practices Framework.

By Order of the Board

Lo Swee Oi
Koh Chay Tiang
Company Secretaries

Singapore
23 April 2021